



2003 Montana Disregarded Entity Information Return

MONTANA
DER-1
Rev. 10-03

For calendar year 2003 or tax year beginning _____, 2003; ending _____, 20_____

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Multistate Entity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Name</td> <td style="width: 40%; text-align: right;">Check box if this is a change of address. <input type="checkbox"/></td> </tr> <tr> <td colspan="2">Address</td> </tr> <tr> <td>City</td> <td style="text-align: center;">State</td> </tr> <tr> <td colspan="2" style="text-align: right;">Zip + 4</td> </tr> </table>	Name	Check box if this is a change of address. <input type="checkbox"/>	Address		City	State	Zip + 4		FEIN or SSN: <hr/>
Name	Check box if this is a change of address. <input type="checkbox"/>									
Address										
City	State									
Zip + 4										

Are you filing the forms below with your Montana Disregarded Entity Return, DER-1?

	Yes	No
Form PT-CR1 Montana Composite Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-NRA Montana Nonresident Income Tax Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-WH Nonresident Individual Withholding	<input type="checkbox"/>	<input type="checkbox"/>

Assumed business name registered with Montana Secretary of State: _____

Date registered with the Montana Secretary of State: _____

State or country where incorporated or formed: _____

Date incorporated or formed: _____

Disregarded Entity Type (Check appropriate entity type)

- Single Member Limited Liability Company
Note: If the sole member of a single limited liability company is an individual who has been a full-year Montana resident during the applicable reporting period, it is not necessary to file Form DER-1.

- IRC § 761 Partnership
 Date of IRC § 761 election: _____
 Internal Revenue Service Center where the election is filed: _____

- IRC § 1361(b)(3) Qualified Subchapter S Subsidiary
 Date of IRC 1361(b)(3) election: _____
 Internal Revenue Service Center where the election is filed: _____

- IRC § 856(i)(2) Real Estate Investment Trust (Qualified REIT Subsidiary)

- IRC § 860D Real Estate Mortgage Investment Conduit (REMIC). Attach a copy of Federal Form 1066.

Payments

Disregarded Entity late file penalty (see instructions)....._____

Instructions for Form DER-1, Disregarded Entity Information Return

Who Must File an Information Return

Every disregarded entity engaged in business in the State of Montana and having Montana source income must file an annual disregarded entity information return, Form DER-1, unless you are a single member limited liability company whose sole member is an individual who has been a full-year Montana resident during the applicable reporting period.

Montana Taxable Income

All owners, including nonresidents, must report their percentage of the disregarded entity's income and deductions derived from Montana sources to the Montana Department of Revenue. A resident owner must report Montana source income attributable to the disregarded entity on his or her Montana individual income tax return (Form 2). A nonresident individual owner must:

- Elect to have the disregarded entity file a composite return (Form PT-CR1) and pay a composite tax on his or her behalf; or
- Sign a consent agreement (Form PT-NRA) agreeing to file a Montana individual income tax return (Form 2); or
- In absence of the election to participate in a composite return or signing the consent agreement, the disregarded entity must withhold 11% of the nonresident owner's share of Montana source income as reported on the entity's disregarded entity return. This withholding is remitted by the disregarded entity and reported on Form PT-WH.

When to File

Filing due dates for Form DER-1 are as follows:

- **Single member limited liability company whose single member is a:**
 - C corporation** Form DER-1 is due on or before the 15th day of the third month following the close of the C corporation's annual accounting period.
 - S. corporation** Form DER-1 is due on or before the 15th day of the third month following the close of the S corporation's annual accounting period.
 - Qualified Subchapter S Subsidiary** Form DER-1 is due on or before the due date of the parent S corporation's information return.
 - Real Estate Investment Trust (REIT)** Form DER-1 is due on or before the 15th day of the third month after the close of the REIT's annual accounting period.
 - Qualified REIT Subsidiary** Form DER-1 is due on or before the due date of the parent REIT's information return.
 - Individual, Estate or Non-Grantor Trust** Form DER-1 is due on or before the 15th day of the fourth month following the close of the annual accounting period of the individual, estate, or trust.
 - Partnership** Form DER-1 is due on or before the 15th day of the fourth month following the close of the partnership's annual accounting period.
 - Real Estate Mortgage Investment Conduit (REMIC)** Form DER-1 is due on or before the 15th day of the fourth month after the close of the REMIC's annual accounting period.
 - Electing IRC 761 Partnership** Form DER-1 is due on or before April 15, 2004.
 - Any other single member not described above** Form DER-1 is due on or before August 31, 2004.
- **IRC 761 Electing Partnership (Syndicate, Group, Pool, Joint Venture, or other Unincorporated Organization).**
Form DER-1 is due on or before August 31, 2004.
- **Qualified Subchapter S Subsidiaries** (as defined in IRC 1361(b)(3)).
Form DER-1 is due on or before August 31, 2004.
- **Qualified Real Estate Investment Trust Subsidiaries** (as defined in IRC 856(i)(2)).
Form DER-1 is due on or before the due date of its parent REIT's information return.
- **Real Estate Mortgage Investment Conduit (REMIC as defined in IRC 860D).**
Federal Form 1066, Real Estate Mortgage Investment conduit Income Tax Return is required to be filed on or before the due date (including extensions) for filing its federal return.

What Must be Filed

A disregarded entity that has nonresident individual owners, in tax year 2003 must also file with the Montana Form DER-1:

- Form PT-CR1, Montana Composite Income Tax Return for eligible owners who elect to participate in a composite filing.
- Form PT-NRA, Montana Nonresident Income Tax Agreement, completed for tax year 2003 and subsequent years, for those nonresident individual owners who agree to file a Montana individual income tax return, Form 2.
- Form PT-WH Statement of Montana Income Tax Withheld for Nonresident Individuals for those nonresident individual owners who do not participate in a composite filing or complete the nonresident individual income tax agreement Form PT-NRA.

A disregarded entity is allowed an automatic paperless extension of time to file Form DER-1 upon approval of an extension to file a federal return. This extends the time for filing Form DER-1, and where applicable, Forms PT-CR1, PT-NRA and PT-WH to the date approved for filing the disregarded entity's federal return. If no federal return is required a six-month extension is allowed from the due date of the DER-1.

Montana Disregarded Entity Owners Information

List the name, address, and social security or federal identification number and ownership percentage of each owner, member or partner during the tax period. If a Qualified Subchapter S Subsidiary or a Qualified Real Estate Investment Trust, provide the name, address and federal identification number of the S corporation or REIT parent.

Provide the amount of the total Montana source income, gain, loss, deduction or credit for each owner, member or partner listed.

Late-File Penalty for failure to file Montana Form DER-1 by the original due date, including extensions

The late-file penalty is calculated by multiplying \$10 times the number of the pass-through entity's partners, shareholders, members, or other owners at the close of the tax year for each month or fraction of each month the information return is not filed, not to exceed five months. For example, if a pass-through entity had 20 members at the close of its tax year and filed its information return six months after it was due, the late-filing penalty would be \$1,000 ($\$10 \times 20 \times 5$). For a disregarded entity that does not have a tax year, the number of partners, shareholders, members, or other owners will be determined as of the preceding December 31st.

The late-file penalty is not imposed on pass-through entities having 10 or fewer partners, shareholders, members or other owners if the entity can show that each of the owners have filed their required tax return timely, including extensions, to the department and have paid all taxes when due.

2004 Declaration and Payment of Estimated Tax

If you expect to owe on your composite return at least \$500 additional tax, you may need to make estimated tax payments in 2004. Contact the department to obtain Form IT-EST, estimated tax payment information and vouchers.

Where to File

For returns without payments, including refund requests, mail to:

Montana Department of Revenue
P.O. Box 5805
Helena, MT 59604-5805

For returns with payments, mail to:

Montana Department of Revenue
P.O. Box 6308
Helena, MT 59604-6308